

**Testimony by the Honorable John P. Walters  
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International Economic Policy, Export and Trade Promotions and  
Subcommittee on Western Hemisphere, Peace Corps, and Narcotics Affairs  
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**Introduction**

Chairman Hagel, Chairman Coleman, Senator Sarbanes, Senator Dodd, and distinguished Members of the Subcommittees: thank you for the opportunity to appear before you today to discuss such an important issue and to address our international efforts against methamphetamine and its precursors.

Since the early 1990s, and especially over the last few years, the illicit use of synthetic drugs has become a severe and troubling problem, at both the international and national levels. The most devastating of these synthetic drugs for the United States has been methamphetamine.

In response to these developments, in October 2004, the United States Government released the *National Synthetic Drugs Action Plan*, the first comprehensive national plan to address the problems of synthetic and pharmaceutical drug trafficking and abuse. The *Action Plan* outlined current Federal and state efforts in the areas of prevention, treatment, regulation, and law enforcement and made concrete recommendations for enhancing government efforts to reduce synthetic drug abuse.

On June 1, building on these earlier efforts ONDCP, DOJ, DHS and HHS released the *Synthetic Drug Control Strategy*. The *Synthetics Strategy*, a companion document to the President's *National Drug Control Strategy*, details plans for unprecedented cooperation with Mexico and other international partners to drastically reduce the flow into the United States of both methamphetamine and the precursor chemicals used to produce the drug. The *Synthetics*

*Strategy* calls for 15 percent reductions in methamphetamine use and prescription drug abuse over the next three years and a 25 percent reduction in domestic meth labs.

The *Synthetics Strategy* outlines a three-tiered approach to the United States' international efforts: improving intelligence and information on the global market for precursor chemicals; effective implementation of the Combat Meth Act, signed into law by President Bush this March, which sets a national standard for restricting the retail sale of precursor chemicals within the United States; and strengthening law enforcement and border control activities, particularly with Mexico.

### **The Spread of Meth & Latest Trend Data**

In the past decade and a half, methamphetamine use has spread eastward across the United States. Between 1992 and 2003, the treatment admission rate for methamphetamine and amphetamine increased from 10 to 57 admissions per 100,000 population aged 12 or older (an increase of over 470 percent). Additionally, between 2001 and 2004, the positive drug-testing rates among the general United States workforce for methamphetamine/amphetamine increased from 0.29 percent to 0.52 percent of all tests (an increase of 79 percent). However, this trend reversed in 2005 when the incidence of methamphetamine/amphetamine positive drug-testing rates declined 8% to 0.48 percent. The news is even more encouraging when we look only at methamphetamine, which we can do for the first time thanks to a new analysis of the testing results by Quest Diagnostics. The incidence of methamphetamine positives dropped from 0.33% in 2004 to 0.26% in 2005 and down further, to 0.18%, for the first five months of 2006, a 45 percent reduction over two years and significant downward trend.

There is additional good news when we look closely at the data for youth drug use. Methamphetamine use rates have dropped by almost one-third among 8<sup>th</sup>, 10<sup>th</sup> and 12<sup>th</sup> graders combined since 2001. The Center for Disease Control's Youth Risk Behavior Survey found a 36.7% decline in lifetime youth meth use since 2001. There is much additional work to do to fight the threat of methamphetamine, both at home and abroad, but the latest information we have received is good news for Americans.

### **United States' Response**

In response to the increased threat from methamphetamine, United States law enforcement agencies have increased their efforts both domestically and internationally to stem the flow of methamphetamine and the precursors that are used to produce it. States have also taken decisive action with dramatic results.

Within the past two years, 39 states have imposed new regulations on the retail sale of the methamphetamine precursor pseudoephedrine (PSE) and preparations that contain pseudoephedrine. These restrictions vary from state to state in their severity and content, as the severity and nature of the meth problem itself differs significantly among different states. States with the strictest pseudoephedrine laws have seen significant reductions in the seizure of small toxic labs. For example, 1,063 lab incidents occurred in Oklahoma in 2003. After instituting strict laws controlling pseudoephedrine in March 2004, lab seizures in Oklahoma dropped by 37.3 percent to 667 lab incidents in 2004. Only 218 labs were reported seized in Oklahoma during 2005, a dramatic decline of 67.3% from the previous year. As more states have adopted similar restrictions, and as states and the federal government have taken other actions to combat

use of the drug, the United States has seen national declines in the number of super labs and total labs seized. In fact, the total number of lab incidents in the United States declined from 17,675 in 2004 to 12,213 in 2005. This substantial 30.9% decline is the result of the hard work by state, local, and federal law enforcement officers across this country, as well as enactment and effective implementation of new laws controlling precursors enacted by 39 states.

Congress has also taken decisive steps to combat methamphetamine production and precursor diversion through the passage of the Combat Meth Act. This legislation is an important and positive step forward and has provided many useful tools both domestically and internationally.

Many of the restrictions on consumer retail sales of products containing pseudoephedrine have been in effect for over two months with remainder of the restrictions taking effect 30 September 2006. The reduction of domestic methamphetamine production has been achieved by controlling the precursors used to make the drug and when the Combat Meth Act is fully implemented we expect this national trend to continue. Concerning national demand for legitimate products containing pseudoephedrine, ephedrine, and phenylpropanolamine, the Drug Enforcement Administration is gathering and analyzing information regarding the licit national demand for these products, so that the agency may meet its obligation under the Combat Meth Act to set manufacturing quotas. We expect the retail sales restrictions and the ceiling on pseudoephedrine imports to have a significant positive affect on the domestic diversion of pseudoephedrine.

The Combat Meth Act also contains mechanisms to assist in reducing international diversion of methamphetamine precursors. The Department of State will identify the top five exporters and the top five importers of ephedrine, pseudoephedrine, and phenylpropanolmine,

(which are the precursors for methamphetamine/amphetamine), with the highest rate of diversion for illicit uses. The State Department will publish the list of those countries in the annual International Narcotics Control Strategy Report that will be released no later than March 1, 2007. The President will determine whether the identified countries are “cooperating fully” with the United States or taking adequate measures on their own to address the production and trafficking of illegal drugs. The Department of State has formed an interagency working group to develop and implement a workable methodology that will be used to identify the top five countries in each category. The Administration is committed to using the new tools provided by the Combat Meth Act effectively to foster better international controls on methamphetamine precursors.

Reducing precursor diversion and decreasing the number of domestic labs not only reduces methamphetamine production and the environmental damage caused by the production process, but also reduces the threat that these labs pose to our citizens. Methamphetamine production and use exact a huge toll on families and particularly children. Methamphetamine production can occur in homes and apartments where children live, exposing them to a variety of toxic and noxious substances. The research of current and future health risks of such exposure is ongoing, but it appears that the consequences to the health of the meth-exposed child are severe. Children of methamphetamine users are also exposed to the numerous social and developmental problems that result from their parent’s abuse problem. While under the influence of methamphetamine, these parents do not care for themselves, let alone their children. While on a multi-day methamphetamine binge, these parents have no interest in the needs of a child; they are simply focused on their high. When the binge ends they sleep for days at a time, while their children continue to be without parental care.

In October 2003, the Office of National Drug Control Policy launched a national Drug-Endangered-Children initiative to assist with coordination among existing state programs that help rehabilitate children who have been affected by methamphetamine. The results of this initiative have been promising with the number of affected children, as reported by the National Drug-Endangered-Children Program, dropping from 3,708 in 2003, to 3,104 in 2004 and for 2005 there were 1,660 affected children reported. Although this trend is promising we must continue our efforts.

The United States has had domestic success fighting the spread of methamphetamine production by controlling the precursors. We can achieve this impact globally by working cooperatively with our international partners. Disrupting the methamphetamine market will continue to rely on our ability to work together to reduce the flow of methamphetamine and prevent the diversion of its precursors – principally pseudoephedrine, ephedrine, and pharmaceutical preparations that include these chemicals.

### **International Efforts**

In targeting international methamphetamine production, the Department of Justice, primarily acting through the Drug Enforcement Administration, is the lead U.S. government agency. Recently, its attention has been focused primarily on Mexico—a major producer or transshipment point for much of the methamphetamine entering America.

Over the past few years, rising seizures at the U. S. Southwest border indicate increasing production of methamphetamine within Mexico, as do reports of additional methamphetamine lab seizures within Mexico, and reports from state and local law enforcement throughout the United States concerning the influx of out-of-state methamphetamine within their jurisdictions.

The increase in Southwest Border seizures of methamphetamine from 2001 to 2004 has been significant with 1,170 kilograms in 2001; 1,130 kilograms in 2002; 1,790 kilograms in 2003; and, 2,320 kilograms in 2004.

Because the U.S. government's counterdrug, counterterror, and immigration enforcement missions are interrelated, improved counterdrug efforts will also enhance border security. In February 2005, the President's Homeland Security Advisor directed the development of a strategy to address the drug threat to the Southwest Border. Interagency efforts, at this time, are culminating in a coordinated *National Southwest Border Counternarcotics Strategy* that will identify key strategic objectives and provide specific recommendations to address the illicit narcotics threat and significantly improve overall interdiction efforts along the Southwest Border.

Although this is a significant and growing threat, Mexico has taken some important steps. Through its Federal Commission for the Protection Against Sanitary Risks (COFEPRIS), the government of Mexico is implementing several important wholesale and retail controls on pseudoephedrine in cooperation with the pharmaceutical industry and is considering others. Mexican pharmacies are moving pseudoephedrine combination products behind the counter and limiting retail sales to 9 grams. In addition, Mexico recently imposed a policy limiting imports of pseudoephedrine and ephedrine to manufacturers only. Wholesale distributors are barred from importing raw pseudoephedrine and ephedrine. Furthermore, importers can import shipments of no more than 3,000 kilograms at a time. Mexico also has begun imposing import quotas tied to estimates of licit national need after a study revealed that imports far exceeded this amount. As a result, Mexico's PSE imports have dropped from 216 metric tons in 2004

(COFEPRIS), to 132.5 metric tons in 2005 (COFEPRIS), with a goal of 70 metric tons for 2006 (COFEPRIS).

With United States support, Mexico is training and equipping methamphetamine-focused law enforcement teams to combat the spread of methamphetamine production in Mexico. DEA is providing laboratory investigation and processing training for Mexican law enforcement elements, enabling them to identify and destroy methamphetamine labs. Additionally, Mexican authorities have seized more than 55 million methamphetamine precursor pills since December 2000.

Canada, like Mexico, is aiding in the fight against trafficking and diversion. Canada has taken numerous steps over the past few years to prevent the diversion of pseudoephedrine and ephedrine through increased control of imports and exports. From 2000 to 2004, lawful pseudoephedrine imports into Canada fell from just over 500 to less than 50 metric tons. Additionally, from 2003 to 2004, lawful ephedrine imports fell from 19 to 7 metric tons, and overall pseudoephedrine and methamphetamine seizures of shipments into the United States have dropped over the past year. These reduced precursor imports into Canada resulted in sharp declines in the amounts of pseudoephedrine and ephedrine diverted into the United States for the manufacture of methamphetamine. The number of Superlabs in the United States detected by law enforcement fell from 143 in 2002 and 130 in 2003 to just 55 in 2004 and seizures of pseudoephedrine at our northern border are now down by 92 percent.

In addition to working with Mexico and Canada on this issue, the United States continues to work with the primary producing and exporting countries for bulk ephedrine and pseudoephedrine—China, Germany, and India. In addition to working with each of these nations multi-laterally, which I will address when discussing the recently adopted U.S. sponsored



resolution at the Commission on Narcotic Drugs (CND), DEA continues to actively work cooperatively with each of these nations on precursor chemical investigation and regulatory issues. To accomplish this task, DEA has assigned chemical Diversion Investigators to their country offices in each of these nations to address this important issue.

The United States and Mexico are also working to gain broader international support for pre-notification of international shipments of combination tablets containing pseudoephedrine through multilateral bodies such as the Organization of American States and the Project Prism initiative facilitated by the United Nations International Narcotics Control Board. Extending these pre-export notifications (PENs) to pharmaceutical preparations that contain pseudoephedrine and ephedrine are critical to controlling the diversion of precursors. Under the 1988 UN Convention on Psychotropic Substances, signatory countries are only required to provide PENs on bulk pseudoephedrine, bulk ephedrine, and single-entity tablets containing these substances; pharmaceutical preparations (combination products) are exempt. Additionally, unlike the United States, many nations have not suffered the significant costs associated with Small Toxic Labs. Many countries are either unaware that diverted pharmaceutical preparations containing pseudoephedrine or ephedrine are often used as the main precursor for methamphetamine production (and how easily they can be converted into methamphetamine), or face continued challenges in stopping this diversion.

## **Multi-faceted Approach**

ONDCP, the DEA, and the Department of State are working with the major PSE and Ephedrine producing/exporting countries of China, Germany, and India on a multi-faceted approach:

- 1) I am meeting with the ambassadors from these countries to discuss Amphetamine-Type Stimulants (ATS) and precursor control/diversion issues. To date, I have met with the Chinese Ambassador to the United States, Zhou Wenzhong, the Deputy Chief of Mission of the Indian Embassy, Ambassador R.S. Jassal and the Head of the European Union's Delegation to the United States, John Bruton. The meetings were very positive and productive; all expressed their desire to work with the United States on solutions to this problem.
- 2) In late February 2006, DEA hosted a meeting in Hong Kong with Law Enforcement Officials from India, Germany, and several major PSE and ephedrine importing countries to discuss PSE and ephedrine diversion control issues. There was an overall agreement that more must be done internationally to control diversion and it was a significant first step in the process.
- 3) In March 2006, at the 49th United Nations Commission on Narcotic Drugs (CND) in Vienna, Member States adopted a U.S. sponsored resolution on synthetics drugs. The resolution:
  - a) Requests that countries estimate their licit need for PSE and ephedrine (in addition to precursor chemicals for ecstasy) as well as the pharmaceutical preparations containing them. By knowing countries' licit requirements, the resolution aims to reduce surpluses and potential diversion of the precursors.
  - b) Requests exporting countries to verify the authenticity of each export shipment.

c) Urges exporting countries to provide to the International Narcotics Control Board information on all shipments of pseudoephedrine, ephedrine, licit pharmaceutical preparations containing these substances, and other chemicals.

d) Requests member states to allow the International Narcotics Control Board to share shipment information with concerned countries' law enforcement and regulatory authorities to prevent or interdict diverted shipments. The intent is to prevent diversion while not impeding legitimate international commerce.

e) Requests countries to ensure that the quantity of imports is commensurate with their legitimate requirements.

Implementation of the resolution will mean that each country that exports or imports methamphetamine precursors will be pressured to take concrete actions. Our government will be working through our Embassies to encourage countries to move quickly to meet their new obligations. In addition we will continue to provide assistance, through the State Department, to the INCB to facilitate their administration of these new measures.

## **Conclusion**

The United States has had significant success fighting the spread of methamphetamine production by controlling precursor chemicals domestically. This type of impact can be achieved globally if nations combat the problem cooperatively. Disrupting the methamphetamine market will depend on our ability to work together to prevent the diversion of its precursors – principally pseudoephedrine, ephedrine, and pharmaceutical preparations that include these chemicals used in manufacturing the drug and then to crimp the flow of manufactured methamphetamine coming into the United States.

Thank you again for the opportunity to testify on this important topic, and I welcome any questions the Subcommittees may have regarding methamphetamine, and the Administration's efforts to reduce its use, production, trafficking, and the diversion of its precursors.